

'Gas' Prices at the Pump Rising \$4-Billion a Year

By JERRY M. FLINT

Sellers of gasoline have already raised their cumulative prices by as much as \$4-billion a year because of the fuel shortage.

However, President Nixon's price freeze may keep the tab from climbing even higher in the summer vacation months. Before the freeze, there were indications that another price push at the gasoline pump was starting.

No evidence that American motorists are being stranded because of the shortage has turned up. But checks around the nation showed that gasoline at the station pump has gone up from 2 cents to 9 cents a gallon since the first of the year, with the average increase around 4 cents a gallon. In addition sellers of fuel were getting high increases — around 8 cents a gallon—from wholesale buyers such as taxi companies and cities.

Why Taxpayers Pay

Even those who do not drive will pay for the higher gasoline bills. With consumption of gasoline running above 100 billion gallons a year, every penny price increase translates into \$1-billion in cost to the buyers. For example, non-drivers, as taxpayers, will pay for the increases passed on to cities, counties and states to run police cars, buses and other municipal vehicles.

John E. Zengerel, area manager for Gulf Oil in Baltimore, said: "We are just going by the value of the product in the market today. Last year Baltimore paid 12 cents a gallon for 6 million gallons; this year Gulf offered the fuel at 19 cents a gallon delivered as last year."

Whether the shortage is real or contrived still is controversial. Big oil companies insist that demand outpaced supply and that they are producing all they can. In the week ended June 1, for example, a record 49,351,000 barrels of gasoline were produced in the United States, and in the week ended June 8, another 49,283,000 were turned out.

But the gasoline inventory

June 8, the industry reports, was 203 million barrels, down from 214 million the year before. There are more cars on the road than ever.

For the average motorist the shortage appears to be more of an annoyance than a catastrophe. Stations are closing earlier in the evening or on Sundays. The American Automobile Association found that 32 per cent of 1,989 stations checked were cutting down on operating hours, and 7 per cent were rationing fuel.

Lower Prices

The number of stations actually closed — presumably by the shortage — was 1,020 on May 30, with 1,914 more threatened, with closing, United States Government statistics have shown. That is just a fraction of the nation's 220,000 stations. But it is likely that many of these were the independent or discount stations, which sold gasoline at lower prices than the brand-name stations, which lessened price competition.

Even discount stations might be able to get gasoline — but not at the old prices. Tankers in New York are offering foreign gasoline at 27 cents a gallon, said Vincent Sgro, editor of Oil Buyers' Guide of Lakewood, N. J., but that is 7 cents a gallon more than brand-name gasoline stations in the area pay their suppliers, and independents cannot afford it.

"I'm losing between \$200 and \$300 a week," said Frank Caslino, who closed two of his independent stations in New York City and laid off eight employees. But he is still running his remaining Dota's service station on 11th Avenue and 46th Street. He was charging 44.9 cents a gallon for regular grade, no cheaper than his name-brand competition. Without a price advantage "we're not pumping that much gas," said one of his employees.

Among the effects — or non-effects — of the well-publicized shortage are the following:

States are not lowering freeway speed limits, although

cars use less fuel at lower speeds. Pennsylvania's state police reported, for example, that motorists on the interstate highways were driving as fast as ever.

Some remote tourist areas are afraid that potential visitors have been scared away.

Leo Dentino, who owns Flagg Ranch, a vacation complex between Yellowstone and Grand Teton national parks, said he had plenty of gasoline but believed he was losing customers because of the fear of shortage.

Mass transit is being hurt — not helped — in some places.

The Memphis Transit Co., the city bus line, said it would shut down the bus air conditioners July 1 and cut back routes and night operations to save fuel.

In Baltimore the transit line is cutting service and eliminating air conditioning except between 3:30 P.M. and 6 P.M. Baltimore Mayor William Donald Schaefer complained that the move probably would mean more use of automobiles.

Many government units have told employees to try to reduce fuel usage in public vehicles. Seattle's police have been told

to park an hour a shift and walk a beat during that time to save fuel.

In Michigan, the state plans to experiment with a shuttle bus service for state workers between Lansing, the capital, and Detroit, the state's largest city.

Private businesses, too, are issuing gasoline-saving orders. The Arizona Public Service Company in Phoenix has set up a bus line between three major employment centers, replacing car pools.

"Instead of one person in a 300-horsepower auto gulping gas, we have at least 12 people taking advantage of that same mile of gas," said Keith Turley, executive vice president of the utility.

Florida appears to have one of the worst shortages in the nation. Every gasoline station in south Florida and possibly the entire state is or soon will be working with lower-than-needed allocations, according to William Thucker, executive secretary of the Florida Allied Gasoline Retailers' Association.

A survey of drivers across the country showed some claiming to be saving gasoline by driving less and walking more. But as many others were like Velma Waldo, a Phoenix bookkeeper, who said: "I've always been able to get gas when I want it. If one station is closed early or can only give me a few gallons at a time, I just go somewhere else close by."